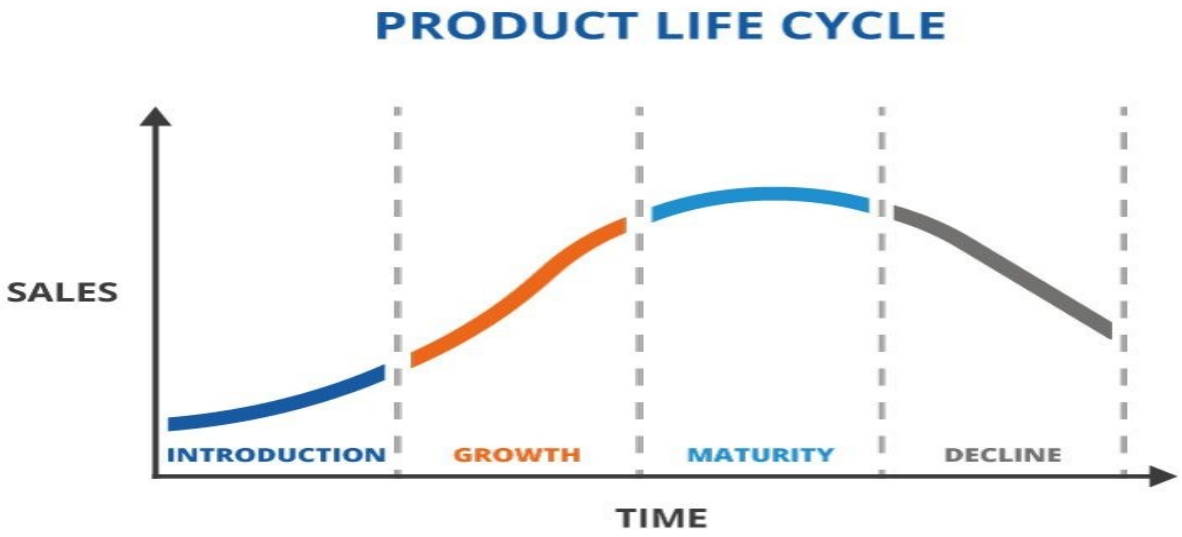
PRODUCT LIFECYCLE MANAGEMENT



Products are like human beings. They are born, they grow, they reach maturity and then they enter their old age, the declining stage and they die

A. Phase 1: Introduction (Market Development)

Generally bringing a new product to the market is filled with unknown risk. Because demand has to be created. How long does it take to pick up or for a customer adoption depends on the product's complexity units, but most of all in how well does it solve potential customer needs better than substitute products or even how well does it satisfy a new need? For example, when the first versions of smart phone were introduced in some markets between 200 and 2001 by a company called Kyocera, it took a while before people began to buy them. The duration of this phase will vary in every particular situation. And it will be determined by various internal and external factors such as recognition of the product's benefit, switch in cost from the current solution, competitive pressure, etc. Your objective is to create awareness of the product to capture as much market share as feasible before competitors come in. The interest of competitors will grow the market

- **Characteristics:**
    - High risk and uncertainty.
    - Sales growth is slow as demand must be created.
    - Customer adoption speed depends on the product's benefits, complexity, and superiority over existing solutions.

- **Company Objective:**
    - Create product awareness and encourage initial trial.
    - Capture as much market share as possible before competitors enter.
- **Competition:**
    - Low to non-existent. The first company assumes most of the market-entry risk.
- **Example:**
    - The first smartphones introduced by Kyocera (2000-2001) took time to gain market acceptance.

B. Phase 2: Growth

the growth phase. In this phase, sales grow rapidly. Early adopters repeat their purchases and influence the rest of the potential customers. Also, distribution has grown and thus the product is more easily accessible to the customer. In this phase, other companies have realized the potential benefits of your growth market

Why have they waited to launch?

Because almost all of the risk of a failure was assumed by the first entrant.

-As competition increases the price of a product would normally decrease. Your objective as a marketer is to maximize sales and market share by insuring that your product is differentiated from the rest through branding and achieving loyalty.

- **Characteristics:**
    - Rapidly increasing sales and demand.
    - Early adopters make repeat purchases and influence mainstream customers.
    - Distribution channels expand, making the product more accessible.
- **Company Objective:**
    - Maximize market share.
    - Shift focus from getting customer *trial* to building brand *preference* and loyalty.
    - Differentiate the product from new competitors.
- **Competition:**
    - New competitors enter the market, attracted by the proven demand.

- Increased competition often leads to a decrease in prices.
- Weaker competitors may enter and fail.

- **Example:**
  - Palm Pilots and early BlackBerry smartphones capitalized on the growing demand for mobile devices.

C. Phase 3: Maturity

In this phase there are many competitors that despite having a temporary success might run out of feel and stay in the market place and drop out. For example, in our phone example pawn pilots came and capitalize the growth of demand as a market group Blackberry launched their first version of smartphone. Notice how in the first phase, our projective was to get trial. In this phase, it was all about preferring our brand. Maturity phase. In this phase,

the none of your product stabilizes. Almost everybody of your target customers have tried or used regularly the product. And growth only comes from substitution or new customers coming in to your target customer group. Sales grow at par with population. One of the key features of this market is that companies use segmentation to try to cover the different needs of the marketplace through different models and brands. Competitive attempts to achieve and hold brand preference now involve making finer and finer differentiation in product. For example, a toothpaste that freshens breath. That fights cavities. That removes plaque, etc. In customer service also and in promotional practices. This stage also forces the manufacturer to concentrate on holding space in distribution outlets also many company begin to compete on price, forced by their access capacity. The number of competitors tends to decrease. Our objective is to try to keep our high market share in the segment or segments so that we compete, while maintaining high margins. This phase could last a long time

- **Characteristics:**
  - Sales volume peaks and stabilizes. The market is saturated.
  - Most target customers have tried or regularly use the product.
  - Growth slows, often matching the rate of population growth or product substitution.
  - Companies use market segmentation to serve different needs with various models and brands.
- **Company Objective:**
  - Defend market share and maximize profit.
  - Maintain high margins in competitive segments.
- **Competition:**

- Intense. Differentiation becomes finer (e.g., toothpaste for whitening vs. plaque removal).
- Competition extends to customer service, promotional practices, and securing distribution space.
- Price competition increases as companies deal with excess production capacity.
- The total number of competitors begins to decrease as weaker players exit.

- **Example:**
  - The toothpaste market, with brands differentiated by very specific benefits.

D. Phase 4: Decline

there will come a time when demand will begin to disappear and thus, we will find ourself in the next phase. There are many reasons for your product to enter the declining stage. It can be changes in technology. For example, the fax, Changes in consumption or purchase habit. For example, your fixed telephone line at home. Changes in the environment, whether political, society or economic, for example, and see what is the global impact of Uber in the taxi industry. In this phase, your objective as a marketeer is to rebenefit. It is possible that your company will be able to keep a residual demand that could be very profitable. But, it's crucial to maintain a balanced part of portfolio. In this phase we normally see mergers or buyouts as production gets concentrated into few hands.

- **Characteristics:**
  - Falling sales and demand.
  - **Key Causes:**
    - **Technological Change:** Fax machines replaced by digital alternatives.
    - **Shifts in Consumer Habits:** Decline of fixed home telephone lines.
    - **Environmental/Societal Shifts:** The impact of Uber on the traditional taxi industry.
- **Company Objective:**
  - "Harvest" the product—maximize remaining profit with minimal investment.
  - Maintain a profitable residual demand if possible.
  - Manage the product portfolio to ensure a healthy balance of products in different stages.

- **Competition:**
    - Many competitors exit the market.
    - Production often consolidates among a few remaining players through mergers or buyouts.
- **Example:**
    - Fax machines, fixed telephone lines, the traditional taxi industry.

III. Strategic Application of the PLC

- **A. Purpose of the Tool:** The PLC is a conceptual framework used to:
    - Visualize a product's position in the market relative to competitors.
    - Plan ahead to anticipate market changes.
    - Develop strategies to capitalize on opportunities and avoid threats.
- **B. The Ultimate Goal:** The key strategic question is how a company can innovate to "break free" from the life cycle, for example, by extending the maturity phase or reinventing the product for a new growth cycle.

Important Note –

the product lifecycle tool is a conceptual reference that will allow us to envisualize our products and competitors position in the market, and plan ahead to take advantage of the opportunities and avoid the threats. The key question you might be asking yourself is what to do to break free from the product life cycle.